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Executive summary

Note by the Secretariat

Addendum

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II. Executive summary

Saudi Arabia

1. Introduction: overview of the legal and institutional framework of Saudi Arabia in the context of implementation of the United Nations Convention against Corruption

Saudi Arabia signed the Convention on 9 January 2004 and ratified it on 23 January 2013 pursuant to Royal Decree No. M/5. Saudi Arabia deposited its instrument of ratification with the Secretary-General of the United Nations on 29 April 2013.

The implementation by Saudi Arabia of chapters III and IV of the Convention was reviewed in the fourth year of the first review cycle, and the executive summary of that review was published on 24 September 2015 (CAC/COSP/IRG/I/4/1/Add.20).

Saudi Arabia has committed itself to pursue zero tolerance against corruption and does not grant immunity from prosecution to any person or public official, including members of the royal family.

Saudi Arabia has adopted the principle of direct implementation of international conventions. Article 70 of the Basic Law on Governance stipulates that laws, international treaties and agreements, and privileges are issued and amended by royal decrees. Thus, the international conventions to which Saudi Arabia has acceded are an integral part of domestic law and have the same status as national laws. In case of conflicting provisions, the terms of international treaties and agreements are applied (art. 81, Basic Law on Governance).

The national legal framework against corruption includes the Anti-Bribery Law, the Anti-Money-Laundering Law, the Law on the Management of Public Funds, the Banking Control Law, the Cooperative Insurance Companies Control Law, the Finance Companies Control Law, the Criminal Procedure Law, the Personnel Disciplinary Law, the Civil Service Law and Royal Decree No. 43 on Protecting the Integrity of the Public Service. Saudi Arabia is a party to a number of international agreements on international cooperation, crime control and crime prevention.

The law enforcement authorities of Saudi Arabia cooperate through different mechanisms and networks, including the Financial Action Task Force (FATF) (observer since 2015), the Middle East and North Africa Financial Action Task Force (MENAFATF) (member since 2005), and the Egmont Group of Financial Intelligence Units, the International Criminal Police Organization (INTERPOL) and the Gulf Cooperation Council.

Entities involved in the prevention and countering of corruption include: the National Anti-Corruption Commission (Nazaha), the public prosecution service, the judiciary, the Ministry of Interior, the Ministry of Justice, the Control and Investigation Board, the General Auditing Bureau, the General Directorate of Financial Investigation and the General Directorate of Administrative Investigation (both under the Presidency of State Security), the Monetary Agency of Saudi Arabia, the Capital Markets Authority, the Ministry of Finance, and Ministry of Civil Service. The Standing Committee on Requests for Legal Assistance plays a key role in the field of international cooperation. The Standing Committee on Anti-Money-Laundering and the Standing Committee on Combating Terrorism and its Financing, as well as a working group to follow up the implementation of the Convention, have also been established.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

Saudi Arabia has adopted a formal written strategy, the National Strategy for Maintaining Integrity and Combating Corruption (Council of Ministers Resolution No. 43 of 19 February 2007). Nazaha is responsible for overall coordination and follow-up on the implementation of the Strategy with all public and private sector institutions, which in turn are obligated to coordinate with Nazaha. Nazaha constantly follows up on the implementation of the Strategy with relevant entities, requests statistics on implementation, and is required to report annually to the King. It conducts various monitoring, oversight, outreach and awareness-raising activities, in coordination with relevant public authorities.

Since its adoption, many efforts were made in the field of prevention, as well as the adoption and modification of laws, in cooperation with various stakeholders. For example, each institution has developed a comprehensive programme on corruption prevention, awareness-raising and revising policies and procedures.

As for measuring progress in achieving the Strategy's objectives, a Standing Committee was established in Nazaha in September 2016 to follow up and monitor the implementation of the Strategy. The Committee has conducted a preliminary evaluation of the Strategy's overall implementation, based on indicators developed in consultation with different stakeholders. Based on these key performance indicators, a public dashboard was developed, which shows overall results and progress achieved, and a model for follow-up and evaluation was developed, for which implementation is ongoing.

Currently, a team in Nazaha is reviewing the Strategy and is expected to issue recommendations for its revision to the competent entities.

Nazaha is the main body tasked with preventing corruption, including awareness-raising and receiving complaints. It has carried out several measures in this area, and a specific focus has been promoting integrity in education in partnership with the Ministry of Education. Nazaha also worked closely with the Ministries of Interior, Defence and Justice, among others, on corruption prevention measures, including the adoption of an information sharing system for corruption court judgments to be transferred to Nazaha for monitoring and appropriate action.

Nazaha is also responsible for conducting periodic reviews of relevant laws and procedures (art. 3 (8), Statute of Nazaha). Other institutions also conduct evaluations of anti-corruption laws and regulations. For example, the Ministry of Finance is updating the Government Tenders and Procurement Law in consultation with public and private sector entities. Other laws under revision at the time of review include the Anti-Bribery Law, Law on Abuse of Power, Law on the Management of Public Funds, and Statute of Nazaha. A draft law on the Protection of Victims, Witnesses and Persons of Equivalent Status and one on the Freedom of Circulation of Information have also been prepared.

Saudi Arabia actively engages in regional and international cooperation and participates regularly in relevant conferences, meetings and forums, including the working groups under this Convention and the Group of 20 Anti-Corruption Working Group. National entities have signed a number of memorandums of understanding on cooperation and engage in training and exchange of expertise with other government agencies involved in combating corruption.

Nazaha was established by Royal Decree No. A/65 (18 March 2011). The Commission appears to be adequately trained, possess sufficient resources and has adopted measures to safeguard its legal, operational and budgetary independence.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The recruitment, hiring, promotion, and retirement of civil servants is regulated by the Civil Service Law (Royal Decree No. 49 of 1977). Other applicable laws include the Personnel Disciplinary Law and Royal Decree No. 43 on Protecting the Integrity of the Public Service.

Pursuant to article 1 of the Civil Service Law, competency is the basis for the selection of applicants for the civil service. To achieve the principle of merit, the Ministry of Civil Service sets rules and procedures for the selection and assessment of candidates. Vacancies for positions in class 10 and below are published online through a web-based application named Jadara.

Criteria for promotion have also been developed, which establish conditions that both the candidate and the public entity must meet. Retirement is governed by provisions on the end-of-service requirements set forth in the Civil Service Law.

The Kingdom has adopted multiple salaries scales for the civil service, depending on the different nature of functions and the special status of some positions.

Additional measures on hiring, promotion and termination apply to certain categories of officials, such as members of the Council of Ministers, the Shura Council, the judiciary, the public prosecution service and Nazaha.

Training comprises part of the regular duties of civil servants (art. 34, Civil Service Law). Additional integrity training is conducted for some categories of officials, such as members of the judiciary, the public prosecution service and procurement officers.

Elections in the Kingdom are only conducted for members of the Municipal Councils. The Law on the Election of Members of the Municipal Councils (2011) sets forth eligibility requirements to strengthen integrity and prevent conflicts of interest (art. 19). The law requires transparency in reporting funding sources to the local elections commission (art. 23) and prohibits foreign and governmental funding of campaigns (art. 16). Civil servants are further prohibited from influencing, directly or indirectly, any electoral campaign (art. 15).

Some rules preventing conflicts of interest are set forth in the Civil Service Law. Articles 13 and 14 prohibit civil servants from establishing or working for any company, or serving on its board of directors, and from engaging in external work for an organization the employing institution is party to.

Royal decree No. 43 on Protecting the Integrity of the Public Service provides for punishment of public officials who engage in any trade or profession without official permission.

In 2016, the Kingdom issued the Code of Conduct and Ethics (Council of Ministers' Resolution No. 555 of 27/09/2016) enforceable on all civil servants, except those governed by specific codes of conduct. The Code includes a chapter V on conflicts of interest which requires civil servants, inter alia, to obtain approval before seeking private sector employment and to disclose in writing any actual or potential conflict of interest (art. 19). A conflict of interest is defined as a situation where there is a special interest, whether actual or potential, for the official or another person that affects their objectivity or neutrality in making a decision or expressing an opinion related to their functions, including but not limited to: (a) the existence of an interest between the employee and the contracting party; and (b) consanguinity up to the fourth degree (art. 19 (3) of the Code of Conduct). Disclosures must be made in writing "to the party designated by the employer"; however, no verification procedures are outlined.

Due to the specific nature of their work, specialized standards of conduct are in force for Nazaha, the Monetary Agency of Saudi Arabia, the judiciary and the public prosecution service, which contain further conflict-of-interest provisions. Nazaha is further tasked with developing rules for maintaining integrity (art. 13, Statute of

Nazaha), which would, inter alia, require public officials to observe a cooling-off period before engaging in employment in the private sector.

Generally, the acceptance of gifts by civil servants, including from a foreign Government, is prohibited (art. 15, Code of Conduct). Under the Nazaha Code of Conduct, staff are also prohibited from accepting any gifts in connection with their functions. The rules on gifts contain exemptions for public officials during official functions and events, as set forth in the rules governing the acceptance by officials in government agencies of gifts given to them during official visits and events (issued by the Council of Ministers Resolution No. 60 of 18 Safar 1437 A.H. (30 November A.D. 2015)), as well as for members of the Shura Council, as per the rules governing the acceptance by Members of the Council and its senior officials of gifts given to them during official visits and events, published on the Council's website.

The human resources departments of the different entities are entrusted with the enforcement of the codes of conduct. Violations are addressed through administrative procedures in accordance with the Personnel Disciplinary Law (Royal Decree No. M/7 of March 1971). In case of a violation requiring dismissal, the disciplinary proceedings are referred to the Administrative Court (art. 13, Law on the Board of Grievances).

Public officials have a duty to report violations of regulations to their line manager or any competent authority (art. 20, Code of Conduct). Nazaha receives reports through various channels, including in person, by mail or fax, via the Internet or a telephone hotline, and anonymously via a dedicated mobile phone application.

Nazaha ensures the confidentiality of reports and takes steps to ensure adequate protection of reporting persons from threats or mistreatment. A draft law on the protection of victims, witnesses and persons of equivalent status is still under consideration.

The independence of the judiciary is established (arts. 44 and 46, Basic Law on Governance; art. 1, Law on the Judiciary). Rules and conditions for the appointment and qualification of judges are set forth in the Law on the Judiciary (arts. 31, 33–36) and the detailed rules issued by the Supreme Judicial Council (Resolution 2058/18/33 of 31 May 2012).

The Judicial Inspection Authority conducts inspections of the work of the judiciary (chap. 4, sect. 4 (arts. 55–57), Law on the Judiciary). Section 5 (arts. 58–68) lays out rules on discipline of judges.

The organization and functioning of the public prosecution service are regulated by Royal Decree No. M/56 of 29 May 1989. Its members are considered members of the judiciary and therefore subject, in the exercise of their duties, only to the provisions of the Islamic Sharia and the laws in force (art. 5). Assessment of the performance of members by the inspection and follow-up unit of the public prosecution service and disciplinary measures are enshrined in the law.

A code of conduct for the judiciary for Gulf Cooperation Council countries was issued in October 2016 and is considered part of the national legislation. Article 146 of the Criminal Procedure Law further applies the rules related to impartiality of judges under the sharia procedure law to the recusal and disqualification of judges (part 8, Law on Procedure before Sharia Courts). A draft code of conduct for judges has also been prepared. For the public prosecution service, a specialized code of conduct is in force, which requires its members to be committed to impartiality, integrity and fairness (art. 2). The Criminal Procedure Law further contains rules on the impartiality of members of the public prosecution service in assuming cases or issuing decisions (art. 21).

Public procurement and management of public finances (art. 9)

Public procurement in Saudi Arabia is regulated by the Government Tenders and Public Procurement Law (Royal Decree No. M/58 of 27 September 2006), which

stipulates that all government works and procurement must be put up for public tender, except as excluded under the law (art. 6). The implementing regulation requires the publication of tender documents (art. 6) and establishes bid submission procedures (arts. 14–23) Contracts are awarded to the lowest bidder and the best in technical terms, which complies with the terms and specifications (art. 29). The Law on Government Competition and Procurement System, adopted in January 2018, introduces both price and non-price elements in bid evaluation criteria, to achieve the concept of best value for money.

Tender decisions are subject to oversight by Government controllers, review by the General Auditing Bureau and monitoring by Nazaha. Contracts for which implementation exceeds a one-year duration that are valued above SAR 5 million are to be submitted by governmental institutions and entities for review by the Ministry of Finance before signature (art. 32, Tenders and Procurement Law). The right to file judicial complaints against an administrative authority, including cases related to contracts to which the authority is party, is established (art. 13, Law on the Board of Grievances).

Several preventive measures have been adopted to enhance integrity in public procurement (e.g., art. 17, Tenders and Procurement Law). Article 19 of the Code of Conduct and Ethics requires recusal of public servants from any decision aimed at influencing any contract award which a member of their family is part of, as well as for disclosure of conflicts of interest. Integrity training of procurement officers is conducted by the National Institute of Public Administration.

The Ministry of Finance is currently establishing an integrated electronic system of government tenders and procurements.

The national budget of the Kingdom is prepared by the Ministry of Finance, following consultations with all government agencies, and submitted to the Council of Economic and Development Affairs before adoption by the Council of Ministers. The budget is implemented according to Guidelines issued by the Ministry of Finance. Expenditures are monitored through an electronic accounting system, under supervision of financial controllers. Penalties for violations, if public funds are not properly collected, disbursed or spent are provided in the Law on the Management of Public Funds and in the Criminal Code in cases of embezzlement. The General Auditing Bureau is entrusted with the task of post-audit of all State revenues and expenditures (art. 7, Law on the General Auditing Bureau).

Council of Ministers Resolution No. 225 of 20 Sha'ban 1425 A.H. (5 October A.D. 2004) establishes internal audit units in government entities responsible for monitoring collections and disbursements and ensuring the proper recording of transactions and accounting records, with external oversight by regulators such as the General Auditing Bureau, the Control and Investigation Board, Nazaha and the Ministry of Finance.

The Ministry of Finance has introduced a financial risk management framework as one of the initiatives under the National Transformation Program through the development of a medium-term financial policy framework.

Public reporting; participation of society (arts. 10 and 13)

Access to information is stipulated in the National Anti-Corruption Strategy and considered one of the means of achieving its objectives (Third). The dissemination of information is ensured through specialized online portals, such as the e-government portal of Saudi Arabia and the websites of the Monetary Agency of Saudi Arabia and the Ministry of Finance. The Board of Grievances has the authority to hear claims in matters involving adverse decisions on requests for information or other administrative action.

With regard to simplifying administrative procedures, several programmes in the Kingdom are switching to electronic service delivery, under a comprehensive programme named Yesser. Constant coordination is carried out to streamline

procedures across institutions. Nazaha, in collaboration with other entities, such as the Shura Council, is responsible for monitoring administrative reforms.

A number of steps are taken to measure the progress of administrative reforms. For example, the National Centre for Measuring the Performance of Public Entities, which is organizationally linked to the Prime Minister, was established with a mandate that includes monitoring transparency and efficiency in the public administration. Several institutions also publish statistics and reports on government performance.

To promote the participation of civil society in national anti-corruption efforts, Nazaha engages civil society in its outreach activities and has established integrity clubs in schools and universities. Collaborative efforts with the public and channels of communication are set out in article 3 of the Nazaha Statute. The Decision Making Support Centre, organizationally linked to the Royal Court, contributes to raising awareness of Government decisions and to creating communication channels with the public.

A draft law on freedom of circulation of information has been prepared, which would grant any natural or legal person the right to access information of any public entity, except for confidential information affecting sovereignty and national security.

Private sector (art. 12)

The National Anti-Corruption Strategy includes the engagement of the private sector as an element to protect integrity and counter corruption. Nazaha promotes private sector efforts to adopt anti-corruption plans and programmes, and monitors their implementation (art. 3 (5), Nazaha Statute).

The Kingdom has issued several laws that provide for measures to strengthen integrity and counter corruption in the private sector and to enhance accounting and auditing standards. These laws include the Banking Control Law, the Finance Companies Control Law, the Cooperative Insurance Companies Control Law, the Companies Law, the Capital Market Law and the Anti-Money-Laundering Law, which also establish penalties for non-compliance. Additional regulations and instructions related to governance include internal auditing guidelines and instructions related to the work of administrative boards, committees, executive and internal departments and external auditors.

Regulatory authorities such as the Monetary Agency of Saudi Arabia supervise the financial sector. Violations, once discovered, are addressed through the regular administrative or criminal procedure. Statistics on violations of the auditing and accounting laws and regulations are maintained by the Association of Auditors of Saudi Arabia.

A number of integrity standards exist for the private sector. For example, in March 2014, the Monetary Agency of Saudi Arabia issued the main principles of governance in banks operating in the Kingdom, which cover, inter alia, conflicts of interest and the mechanism for supervising the integrity and performance of members. The Capital Markets Authority has issued corporate governance regulations addressing good governance standards for listed companies and the Monetary Agency of Saudi Arabia has issued the Code of Conduct Regulation for the Insurance Market.

Conflicts of interest in the private sector are also regulated by the Corporate Governance Regulation (chap. 6, arts. 18 and 43) and Companies Law (art. 11). The Capital Markets Authority has issued regulations, which provide rules of conduct for Capital Markets Authority authorized persons and establish controls on client assets (art. 41).

Both the Monetary Agency of Saudi Arabia and the Capital Markets Authority require prospective employees in private sector entities to file disclosures covering conflicts of interest, assets and qualifications (fit and proper forms), which are inspected by the same authorities. Listed companies are further required to comply with instructions

governing corporate announcements and to disclose material corporate events, pursuant to the Companies Law and the Capital Market Law.

The tax deductibility of expenses constituting bribes, including when paid abroad, is prohibited (art. 13, Income Tax Law).

Measures to prevent money-laundering (art. 14)

The legal regime of Saudi Arabia on anti-money-laundering consists principally of the Anti-Money-Laundering Law (2012) and its implementing regulation, as well as rules, circulars and guidelines issued by the Monetary Agency of Saudi Arabia, including those applicable to banks, finance companies, cooperative insurance companies, and the opening of bank accounts. Guidelines, instructions and circulars on anti-money-laundering have also been issued by the General Directorate of Financial Investigation.

The Standing Committee on anti-money-laundering under the chairmanship of the Monetary Agency of Saudi Arabia ensures the implementation of the FATF recommendations and applicable laws and regulations. The Monetary Agency of Saudi Arabia and the Capital Markets Authority carry out a supervisory role over financial and designated non-financial institutions and conduct inspection and supervision to ensure compliance with anti-money-laundering requirements.

The financial investigation unit was established in 2003 and commenced its operations in 2005. The General Directorate of Financial Investigation receives, analyses and disseminates suspicious activity reports, and directs other activities related to anti-money-laundering. It is a member of the Egmont Group.

All supervisory and regulatory entities responsible for anti-money-laundering and law enforcement cooperate and exchange information in practice, both domestically and internationally.

The inter-institutional Standing Committee on anti-money-laundering was established by Council of Ministers Resolution No. 15 (3 May 1999). The Committee's tasks include to consider all issues relating to anti-money-laundering in the Kingdom, and to submit suggestions to the King on methods to improve the anti-money-laundering framework.

The Kingdom is currently assessing national risks in terms of anti-money-laundering. A task force has been established for this purpose within the Anti-Money-Laundering Standing Committee.

To comply with the requirements of combating money-laundering and the financing of terrorism, all financial and non-financial institutions must have in place efficient internal control systems, apply know-your-customer standards, develop systems for monitoring and reporting transactions, prepare customer profiles and verify account data, and ensure adequate employee qualifications and training. The rules require beneficial ownership identification and record-keeping, as well as enhanced due diligence of clients, accounts and transactions (see art. 52).

Several institutions provide instructions and guidance to identify high-risk accounts, such as the General Directorate of Financial Investigation, the Monetary Agency of Saudi Arabia, the Capital Markets Authority, the Ministry of Justice and the Ministry of Trade and Investment.

A system of declaration of cash, negotiable instruments and precious metals is established (art. 16, Anti-Money-Laundering Law). Sanctions for false or incomplete declarations are provided for (art. 16-5, implementing regulations).

The Kingdom has satisfactorily addressed the deficiencies of its 2010 FATF/MENAFATF mutual evaluation to the level of compliance of, at a minimum, Largely Compliant.

2.2. Successes and good practices

- Saudi Arabia actively engages in regional and international cooperation relating to combating corruption as well as initiatives-based training aimed at strengthening integrity and exchange of expertise (art. 5).
- Various forms of continuous professional and specialized training to counter corruption and strengthen integrity are provided to public sector institutions, in particular for the public prosecution service, the judiciary and other public entities, based on relevant national and international good practices (art. 6).
- Saudi Arabia demonstrates progress in making the procurement process open and transparent, enabled by the eProcurement system; the proposed introduction of a whitelist will facilitate contracting with suppliers of high integrity standards (art. 9).
- Various initiatives have been taken across government to simplify administrative procedures and introduce e-government and services (art. 10).

2.3. Challenges in implementation

It is recommended that Saudi Arabia:

- Continue efforts to strengthen monitoring and evaluation of the National Strategy for Maintaining Integrity and Combating Corruption, including by setting reporting mechanisms and building a national database to collect data and statistics related to corruption from all relevant parties, with a view to continue the assessment of the strategy's implementation and to determine its impact on a current and continuous basis; in addition, the reviewers welcome efforts to further enhance the Strategy and constantly update it, building on the results of the monitoring and evaluation; authorities should continue to promote and monitor implementation of the National Strategy for Maintaining Integrity and Combating Corruption by the private sector, and promote the active contribution of non-public entities in the development of anti-corruption policy (art. 5).
- Continue to enhance coordination and cooperation between relevant anti-corruption entities, namely Nazaha, the Monetary Agency of Saudi Arabia (i.e., regarding access to financial information and verification of asset disclosures), the public prosecution service (i.e., regarding prosecution of corruption offenders and gathering of evidence), the General Directorate of Financial Investigation (i.e., regarding the link between money-laundering, corruption and asset recovery) and judiciary (i.e., on the return of assets) (art. 5).
- Continue to strengthen the risk-based approach to prevention activities undertaken by Nazaha and public entities, especially in identified priority areas; steps in this direction are seen as a welcome development (art. 5).
- While welcoming the legal, operational and budgetary independence of Nazaha, continue to preserve such independence (art. 6).
- Take necessary administrative steps to enact the rules contained in the Statute of Nazaha: implementing regulations for reporting corruption and communication channels to receive, verify and act on reports (art. 3 (12)), rules on financial declarations and oath (art. 9) and rules for maintaining integrity (arts. 13 and 6).
- Assess the current rules and regulations around conflicts of interest, including the acceptance of gifts, with a view to developing a clearer set of rules that are broader and more in line with international good practices; Saudi Arabia is encouraged to consider adopting a more clearly defined procedure for receiving and verifying conflicts of interest disclosures, and providing guidance to officials on this concept (art. 8).

- Continue efforts towards implementing the Law on Government Competition and Procurement System (art. 9 (1)). In the budgetary context and in the process of long-term economic forecasting, continue efforts towards implementing a clearly defined, centrally developed system of risk analysis and management, and train officials involved in budgeting and expenditure management accordingly (art. 9 (2)).
- Continue efforts to enhance transparency by providing current and up-to-date information on government performance and service delivery; the reviewers welcome the work of the National Centre for Measuring the Performance of Public Entities in this context (art. 10).
- Take necessary administrative steps to adopt a freedom of information law (art. 13).
- Take steps to address the remaining deficiencies of the FATF/MENAFATF review (art. 14).

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

The confiscation and recovery of assets is regulated primarily in the Anti-Money-Laundering Law and its implementing regulation, as well as the Anti-Bribery Law, the Law on Abuse of Power, the Law on the Management of Public Funds, the Royal Decree on Protecting the Integrity of the Public Service, the Criminal Procedure Law, and the Law on Procedure before Sharia Courts. Procedures for asset recovery through international cooperation are spelled out in the Procedural Manual for Asset Recovery in the Kingdom of Saudi Arabia (also known as the asset recovery guide) and the rules of procedure of the Standing Committee on Requests for Legal Assistance.

Saudi Arabia has never refused a request related to asset recovery to date, although several requests were returned for further specification. There have been several requests for asset recovery under the Convention.

Saudi Arabia has adopted a policy of providing "informal" assistance in reviewing requests for mutual legal assistance before their formal submission, and consults as a matter of practice with requesting States before rejecting or deferring requests (arts. 15 (4) and 18, rules of procedure of the Committee).

Domestic authorities spontaneously transmit information, especially in anti-money-laundering cases and cases on the financing of terrorism (art. 25, Anti-Money-Laundering Law; asset recovery guide). The General Directorate of Financial Investigation has signed 28 memorandums of understanding on cooperation, including voluntary exchange of information. Authorities also share information spontaneously through the Egmont Group and INTERPOL. The Riyadh Arab Agreement for Judicial Cooperation and other treaties the Kingdom is party to include rules for special cooperation.

The Kingdom has concluded numerous bilateral and multilateral cooperation agreements in the areas of crime control and the tracing of criminals and proceeds of crime, such as with the Gulf Cooperation Council Security Agreement and several bilateral agreements.

Asset recovery is subject to dual criminality, and presupposes the existence of an agreement or reciprocity, as stipulated in the asset recovery guide. Saudi Arabia implements the provisions of this Convention directly in cases where no relevant agreement applies.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

Financial institutions and designated non-financial businesses and professions are subject to the requirements of customer due diligence, in accordance with the Anti-Money-Laundering Law (arts. 1, 5–8, 12) and its implementing regulation. Customer due diligence, know-your-customer and beneficial ownership verification are also required pursuant to rules issued by the Monetary Agency of Saudi Arabia and the Capital Markets Authority. The rules establish necessary measures for institutions to verify the identity of customers and beneficial owners, and to monitor and report suspicious transactions, including through intermediaries. The rules also require enhanced scrutiny of high-risk accounts and politically exposed persons, including their family members and close associates. Record-keeping requirements are spelled out (art. 6, Anti-Money-Laundering Law).

Recent amendments to the regulations incorporate the requirements of FATF on matters such as dealing with high-risk jurisdictions, periodic updating of client account information, and monitoring and reporting. The Monetary Agency of Saudi Arabia conducts trainings on these requirements and has also established a manual on combating embezzlement and financial fraud control guidelines.

The rules on correspondent banking and prohibition on dealing with "shell banks" are found in the rules on anti-money-laundering and combating the financing of terrorism for banks, money exchange businesses, and branches of foreign banks.

Asset declarations are currently required for Nazaha, pursuant to the rules of Nazaha on financial disclosures adopted by the President of Nazaha in Resolution No. 2 of 4 December 2011. Verification is done by a specialized department in Nazaha, which receives the relevant forms every three years and upon termination of service. The department is mandated with the power of inspection and verification and may recommend administrative punishment in case of violations. Declarations of financial and non-financial interests are also required for staff of the Monetary Agency of Saudi Arabia pursuant to the Agency's code of conduct.

As for other public officials, a draft regulation on requirements for financial disclosures by some categories of State employees, prepared by Nazaha, would require asset declarations by a wider group of officials, including over foreign financial interests (art. 6, para. 2 of the draft). There is currently no disclosure requirement for public officials concerning interests in foreign financial accounts.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

Saudi Arabia legislation establishes the basic right of an injured party, whether legal or natural, domestic or foreign, to initiate an action to establish ownership of property or sue for compensation in the domestic courts. This is presumed to include foreign governments.

Article 27 of the Anti-Money-Laundering Law allows the national authorities to give effect to confiscation orders issued by the competent courts of other countries, if the proceeds or means can be confiscated according to laws applicable in the Kingdom. When a request for enforcement of a foreign judgment is received, the Standing Committee on Requests for Legal Assistance transmits the judgment to the competent court to order its execution (art. 14 (3), rules of procedure of the Committee; asset recovery guide). Specific observations on the domestic confiscation regime were issued during the first review cycle.

Provisional measures leading to confiscation (seizure and tracing) on the basis of a legal assistance request are addressed in article 26 of the Anti-Money-Laundering Law; provisions in the asset recovery guide and the rules of procedure of the Standing Committee on Requests for Legal Assistance further provide for domestic confiscation orders on the basis of a foreign request. Several national laws provide

for seizing or confiscating property obtained through, or used in, corruption-related offences.

As a general rule, the principle upheld in Saudi Arabia law is that confiscation must be based on a conviction; however, the lapse of a public criminal action does not preclude confiscation proceedings (art. 22, Criminal Procedure Law; art. 10, regulation implementing the Criminal Procedure Law). In asset recovery matters, the asset recovery guide specifically provides for non-conviction-based confiscation. Case examples were referred to where assets were seized domestically in the absence of a conviction.

Seized property is preserved in accordance with the directions of the court within whose jurisdiction an investigation has been conducted (art. 93, Criminal Procedure Law). In accordance with the asset recovery guide, the order of seizure is required to set out the manner in which funds are kept and managed, and the competent court may appoint an administrator, if necessary, whose expenses are to be deducted from the value of the property. Pending the establishment of a specialized asset management office, as foreseen by Resolution No. 451 (2017) of the Council of Ministers, seized and confiscated assets are managed by the Authority of Guardianship for the Funds of Minors and Similar Persons and service providers licensed by the Ministry of Justice.

Return and disposal of assets (art. 57)

In accordance with the asset recovery guide and rules of procedure of the Standing Committee on Requests for Legal Assistance, proceeds of crime devolve to the Kingdom, unless otherwise agreed on a case-by-case basis, or in accordance with relevant bilateral agreements or treaties. The provisions of this Convention are directly applicable in cases where no relevant agreement applies and take precedence over arrangements concluded on a case-by-case basis. A request received from another State party in accordance with article 57 would be executed accordingly.

When a decision to return assets has been taken, it is the policy of the Kingdom to return assets without deducting any share, except in exceptional cases to cover reasonable costs, as provided for in the applicable agreements. There have been no cases to date where Saudi Arabia has deducted expenses related to asset recovery.

Article 17 of the Anti-Money-Laundering Law provides that confiscated funds may be disposed of according to the law or shared with countries that are parties to valid agreements or treaties with the Kingdom. Saudi Arabia has not concluded any agreements related to asset sharing and there have been no cases involving asset sharing to date.

Saudi Arabia does not impose any conditions on the return of assets.

The return of property to previous legitimate owners and compensation for victims of crime are regulated (art. 3, Royal Decree No. 43 on Protecting the Integrity of the Public Service; art. 68, Criminal Procedure Law; art. 9, Law on the Management of Public Funds).

The asset recovery guide and rules of procedure of the Standing Committee on Requests for Legal Assistance further set out that, in all cases where legal assistance is provided, the right of the Kingdom to proceeds of crime as well as the rights of bona fide persons may not be prejudiced.

3.2. Successes and good practices

- Saudi Arabia has developed clear guidance to facilitate asset recovery procedures, in the form of a dedicated manual (available in English and Arabic);
- Saudi Arabia has adopted a policy of providing "informal" assistance in reviewing requests for mutual legal assistance before their formal submission, and consults as a matter of practice with requesting States before rejecting or

deferring requests (arts. 15 (4) and 18, rules of procedure of the Standing Committee on Requests for Legal Assistance).

3.3. Challenges in implementation

It is recommended that Saudi Arabia:

- Continue efforts to review the asset disclosure systems in line with international good practices; for example, the adoption of an electronic filing system could simplify verifications; the reviewers welcome steps being taken by Saudi Arabia to extend asset declaration requirements to a wider category of public officials and encourage the authorities to adopt disclosure and record-keeping requirements concerning foreign financial accounts (art. 52).
- Continue efforts to prepare a specific law on the establishment of a specialized office for the management, administration and preservation of property, as foreseen by Resolution No. 451 (2017) of the Council of Ministers, with a view to permitting competent authorities to preserve property for confiscation (art. 54).
- Consider specifying procedures for non-conviction-based forfeiture more clearly in the legislation (art. 54 (1) (c)).
- Building on existing judicial practice, consider including a reference in the asset recovery guide to the specific mechanisms and requirements of article 57 and monitor the application thereof in all asset recovery cases; further consider legislative clarification (art. 57).